

Village of Nampa

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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Management's Responsibility

To the Mayor and Council of Village of Nampa:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councillors who are neither management nor employees of the Village. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. Council is responsible for the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

May 9, 2017


Chief Administrative Officer

Independent Auditors' Report



To the of Village of Nampa:

We have audited the accompanying financial statements of Village of Nampa, which comprise the statement of financial position as at December 31, 2016, and the statements of financial activities, accumulated operating surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Village of Nampa as at December 31, 2016 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Peace River, Alberta

May 9, 2017

MNP LLP

Chartered Professional Accountants

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	<u>1,670,650</u>	<u>1,797,232</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	328,948	405,340
Receivable from other governments	54,690	38,556
Trade and other receivables	455,897	400,814
Land inventory held for resale	76,510	76,510
	<u>2,586,695</u>	<u>2,718,452</u>
LIABILITIES		
Accounts payable and accrued liabilities	362,318	205,993
Deposit liabilities	7,060	8,150
Deferred revenue (Note 4)	206,470	599,561
Due to related party (Note 7)	447,307	586,817
Post closure liability	623,047	550,859
Long term debt (Note 5)	<u>2,138,084</u>	<u>2,282,296</u>
	<u>3,784,286</u>	<u>4,233,676</u>
NET FINANCIAL DEBT	<u>(1,197,591)</u>	<u>(1,515,224)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	3,711,969	3,860,768
Tangible capital assets of Peace Regional Waste Management Company (Note 8)	722,283	973,526
Tangible capital assets of NEW Water Ltd. (Note 8)	17,074,099	17,296,631
Inventory for consumption	16,079	16,405
Prepaid expenses	32,751	25,114
	<u>21,557,181</u>	<u>22,172,444</u>
ACCUMULATED SURPLUS (Note 10)	<u>20,359,590</u>	<u>20,657,220</u>

Commitments and contingencies - See Note 13

Approved by

Mayor

Chief Administrative Officer

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget \$	2016 \$	2015 \$
REVENUE			
Net municipal property taxes (Schedule 3)	504,164	493,324	426,300
User fees and sale of goods	278,500	252,746	273,892
Government transfers for operating (Schedule 4)	562,408	316,896	332,070
Peace Regional Waste Management Company	445,729	470,719	601,383
NEW Water Ltd.	290,100	268,179	264,042
Investment income	6,300	8,608	8,234
Penalties and costs on taxes	19,000	10,824	18,700
Other revenues	52,080	63,001	48,500
Total revenues	2,158,281	1,884,297	1,973,121
EXPENSES			
Operating			
Legislative	31,800	35,195	35,470
Administration	199,910	314,815	249,693
Family and community support	15,331	17,113	15,330
Fire and bylaws enforcement	32,200	35,915	34,347
Roads, streets, walks lighting	207,123	311,258	342,345
Peace Regional Waste Management Company	719,386	719,289	975,841
Water supply and distribution	253,274	220,534	225,351
Waste management	38,735	33,674	18,742
Subdivision land development	24,000	24,600	24,600
Recreation and parks	55,215	46,513	49,980
NEW Water Ltd.	618,900	554,367	566,431
Culture, library and other	5,000	7,634	57,585
Total Expenses	2,200,874	2,320,907	2,595,715
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER	(42,593)	(436,610)	(622,594)
OTHER			
Contributed assets	-	72,011	(445,336)
Recovery of previously contributed assets	-	-	341,798
Other contributions	-	22,551	-
Government transfers for capital (Schedule 4)	-	44,418	149,855
DEFICIENCY OF REVENUE OVER EXPENSES	(42,593)	(297,630)	(576,277)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	20,657,220	20,657,220	21,233,497
ACCUMULATED SURPLUS, END OF YEAR	20,614,628	20,359,590	20,657,220

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget \$	2016 \$	2015 \$
DEFICIENCY OF REVENUES OVER EXPENSES	<u>(42,593)</u>	<u>(297,630)</u>	<u>(576,277)</u>
Acquisition of tangible capital assets	(77,286)	(156,033)	(1,223,793)
Contributed assets	-	-	445,336
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	585,714	778,607	900,890
Gain on sale of tangible capital assets	-	-	-
	<u>508,428</u>	<u>622,574</u>	<u>122,433</u>
Acquisition of supplies inventories	-	(16,079)	(16,405)
Acquisition of prepaid assets	-	(32,751)	(25,114)
Use of supplies inventories	-	16,405	15,525
Use of prepaid assets	-	25,114	21,532
	<u>-</u>	<u>(7,311)</u>	<u>(4,462)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>465,836</u>	<u>317,633</u>	<u>(458,306)</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR	(1,515,224)	(1,515,224)	(1,056,918)
NET FINANCIAL DEBT, END OF YEAR	<u>(1,049,389)</u>	<u>(1,197,591)</u>	<u>(1,515,224)</u>

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	(297,630)	(576,277)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	778,607	900,890
Recovery of contributed assets	-	(341,798)
Contributed assets	-	445,336
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	76,392	23,400
Decrease (increase) in trade and other receivables	(55,083)	157,141
Decrease (increase) in receivable from other governments	(16,134)	10,924
Decrease (increase) in land held for resale	-	-
Decrease in inventory for consumption	326	(880)
Decrease (increase) in prepaid expenses	(7,637)	(3,582)
Increase in accounts payable and accrued liabilities	156,325	15,985
Increase in deposit liabilities	(1,090)	(700)
Decrease in deferred revenue	(393,091)	35,439
Increase in post closure liability	72,188	89,350
Tangible capital assets transferred to land held for resale	-	-
Cash provided by operating transactions	<u>313,173</u>	<u>755,228</u>
CAPITAL		
Acquisition of tangible capital assets	(156,033)	(1,223,793)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(156,033)</u>	<u>(1,223,793)</u>
FINANCING		
Long-term debt repaid	(144,212)	(146,265)
Debt proceeds	-	754,936
Increase in due to related party	(139,510)	(56,889)
Cash provided by (applied to) financing transactions	<u>(283,722)</u>	<u>551,782</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(126,582)	83,217
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,797,232</u>	<u>1,714,015</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>1,670,650</u></u>	<u><u>1,797,232</u></u>
See accompanying notes to the financial statements		
	2016 \$	2015 \$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	1,675,650	1,802,232
Less: restricted portion of cash and temporary investments (Note 2)	(5,000)	(5,000)
Temporary bank indebtedness	-	-
	<u><u>1,670,650</u></u>	<u><u>1,797,232</u></u>

VILLAGE OF NAMPA
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2016
 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016 \$	2015 \$
BALANCE, BEGINNING OF YEAR	297,603	510,988	19,848,629	20,657,220	21,233,497
Excess of revenues over expenses	(297,630)	-	-	(297,630)	(576,277)
Current year funds used for tangible capital assets	(156,033)	-	156,033	-	-
Contributed assets	-	-	-	-	-
Recovery of contributed assets	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Annual amortization expense	778,607	-	(778,607)	-	-
Long term debt repaid related to TCA	(144,212)	-	144,212	-	-
Change in accumulated surplus	180,732	-	(478,362)	(297,630)	(576,277)
BALANCE, END OF YEAR	478,335	510,988	19,370,267	20,359,590	20,657,220

See accompanying notes to the financial statements

VILLAGE OF NAMPA
 SCHEDULE OF TANGIBLE CAPITAL ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2016
 SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016 \$	2015 \$
COST:								
BALANCE, BEGINNING OF YEAR	589,854	135,099	1,021,391	4,363,061	404,195	146,845	6,660,445	6,815,998
Acquisition of tangible capital assets	-	-	-	29,500	47,972	-	77,472	942,077
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(1,097,630)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	589,854	135,099	1,021,391	4,392,561	452,167	146,845	6,737,917	6,660,445
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	73,801	198,591	2,167,817	241,609	117,859	2,799,677	3,004,476
Annual amortization	-	4,836	19,792	173,896	20,248	7,499	226,271	224,828
Accumulated amortization on disposals	-	-	-	-	-	-	-	(429,627)
BALANCE, END OF YEAR	-	78,637	218,383	2,341,713	261,857	125,358	3,025,948	2,799,677
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	56,462	803,008	2,050,848	190,310	21,487	3,711,969	3,860,768
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	61,298	822,800	2,195,244	162,586	28,986	3,860,768	

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
 SCHEDULE OF PROPERTY TAXES LEVIED
 FOR THE YEAR ENDED DECEMBER 31, 2016
 SCHEDULE 3**

	Budget \$	2016 \$	2015 \$
TAXATION			
Real property taxes	547,778	625,552	550,102
Linear property taxes	32,972	31,002	32,935
Grants in lieu of taxes	-	-	-
Business taxes	-	-	-
Local Improvement taxes	48,414	-	-
Early payment tax discounts	(16,000)	(8,973)	(27,047)
Tax cancellations	-	3,435	1,123
	<u>613,164</u>	<u>651,016</u>	<u>557,113</u>
REQUISITIONS			
Alberta School Foundation Fund	101,000	140,792	117,114
North Peace Housing Foundation	8,000	16,900	13,699
	<u>109,000</u>	<u>157,692</u>	<u>130,813</u>
NET MUNICIPAL TAXES	<u>504,164</u>	<u>493,324</u>	<u>426,300</u>

See accompanying notes to the financial statements

VILLAGE OF NAMPA
 SCHEDULE OF GOVERNMENT TRANSFERS
 FOR THE YEAR ENDED DECEMBER 31, 2016
 SCHEDULE 4

	Budget \$	2016 \$	2015 \$
	<hr/>	<hr/>	<hr/>
TRANSFERS FOR OPERATING:			
Provincial Government	312,408	35,484	82,070
Other Local Governments	250,000	281,412	250,000
	<hr/> <u>562,408</u>	<hr/> <u>316,896</u>	<hr/> <u>332,070</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	-	44,418	149,855
	<hr/> <u>-</u>	<hr/> <u>44,418</u>	<hr/> <u>149,855</u>
TOTAL GOVERNMENT TRANSFERS	<hr/> <u>562,408</u>	<hr/> <u>361,314</u>	<hr/> <u>481,925</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE 5**

	Budget \$	2016 \$	2015 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	631,610	626,388	667,720
Contracted and general services	479,204	388,338	468,995
Materials, goods, supplies and utilities	350,683	265,210	301,702
Provision for allowances (recovery)	6,000	74,355	(4,674)
Provision for reclamation	52,860	72,188	89,350
Transfers to local boards and agencies	9,034	23,080	21,298
Interest on capital long-term debt	43,619	54,679	61,615
Amortization of tangible capital assets	585,714	778,607	900,890
Gain (loss) on disposal of tangible capital assets	-	-	-
Other expenses	42,150	38,062	88,819
	<u>2,200,874</u>	<u>2,320,907</u>	<u>2,595,715</u>

See accompanying notes to the financial statements

VILLAGE OF NAMPA
 SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2016
 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Peace Waste Management	NEW Water Ltd.	Environmental Services	Recreation, Culture & Other	Total \$
REVENUE								
Net municipal taxes	493,324	-	-	-	-	-	-	493,324
Government transfers	285,412	-	43,525	893	72,011	19,806	11,678	433,325
User fees and sales of goods	778	-	2,220	463,172	267,462	249,748	-	983,380
Investment income	8,608	-	-	5,638	-	-	-	14,246
Other revenues	73,825	22,551	1,909	717	-	-	-	99,002
	861,947	-	68,296	471,612	340,190	269,554	11,678	2,023,277
EXPENSES								
Contract & general services	60,105	25,000	12,395	111,042	41,701	114,095	24,000	388,338
Salaries & wages	121,585	-	84,409	223,436	108,928	58,770	29,260	626,388
Goods & supplies	26,678	8,738	52,680	60,148	103,877	11,472	1,617	265,210
Provision for reclamation	-	-	-	72,188	-	-	-	72,188
Transfers to local boards	-	-	-	-	-	-	23,080	23,080
Long term debt interest	13,343	-	9,250	-	-	32,086	-	54,679
Other expenses	107,417	-	-	-	-	-	5,000	112,417
	329,128	33,738	158,734	466,814	254,506	216,423	82,957	1,542,300
NET REVENUE BEFORE AMORTIZATION	532,819	(33,738)	(90,438)	4,798	85,684	53,131	(71,279)	480,977
Amortization expense	(20,882)	(2,179)	(152,522)	(252,476)	(299,860)	(37,786)	(12,902)	(778,607)
NET REVENUE	511,937	(35,917)	(242,960)	(247,678)	(214,176)	15,345	(84,181)	(297,630)



VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Nampa are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village of Nampa are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village Council for administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

These financial statements include the Village's proportionate share of Peace Regional Waste Management Company (see Note 17) and NEW Water Ltd (see note 18).

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Land Inventory Held for Resale

Land inventory held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

f) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

h) Requisition Over-levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

VILLAGE OF NAMPA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land Improvements	15-20
Buildings	25-50
Engineered structures	
Roadway system	10-20
Water system	35-75
Wastewater system	35-75
Other engineered structures	15-40
Machinery and equipment	5-25
Vehicles	5-25

A full year of the annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

VILLAGE OF NAMPA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
	\$	\$
Cash	603,866	494,257
Temporary investments with interest from 1.2% - 1.32%	551,634	546,183
Cash held by Peace Regional Waste Management Company	294,064	413,315
Cash held by NEW Water Ltd.	226,086	348,477
Less: restricted cash	(5,000)	(5,000)
	<u>1,670,650</u>	<u>1,797,232</u>

Included in cash and temporary investments is \$355,583 cash internally restricted for various purposes (2015 - \$355,583). Excluded from the cash balances is \$5,000 held in trust for the Nampa cemetery (2015 - \$5,000).

Temporary investments are short-term deposits with the ability to be cashed in at any time.

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2016	2015
	\$	\$
Current taxes and grants in lieu of taxes	67,659	52,087
Local improvement taxes receivable	228,261	248,173
Arrears taxes	33,028	158,325
	<u>328,948</u>	<u>458,585</u>
Less: allowance for doubtful accounts	-	(53,245)
	<u>328,948</u>	<u>405,340</u>

4. DEFERRED REVENUE

	2016	2015
	\$	\$
Other deferred grants	206,470	249,995
Proportionate share of deferred revenue in NEW Water Ltd.	-	349,566
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
	<u>206,470</u>	<u>599,561</u>

Municipal Sustainability Initiative

Funding in the amount of \$200,737 was allocated in the current year from the Municipal Sustainability Initiative. Of the \$200,737 allocated, \$183,672 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, which are expected to be completed in 2017. The remaining \$17,065 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which are expected to be completed in 2017.

Previously allocated amounts of \$19,806 MSI Operating were received in 2016. All amounts were applied to projects in 2016.

VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5. LONG-TERM DEBT

	2016 \$	2015 \$
Tax supported debentures	-	-
Self supported debentures	214,447	235,469
Owing to Northern Sunrise County - tax supported	1,923,637	2,046,827
	<u>2,138,084</u>	<u>2,282,296</u>

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2017	146,036	53,124	199,160
2018	147,947	49,239	197,186
2019	149,949	45,359	195,308
2020	133,897	41,356	175,253
2021	134,918	34,213	169,131
Thereafter	1,425,337	207,560	1,632,897
	<u>2,138,084</u>	<u>430,851</u>	<u>2,568,935</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.957% to 6.5% per annum, and begins maturing in 2019. Debenture debt is issued on the credit and security of the Village at large.

Amounts owing to Northern Sunrise County have an annual interest rate that is equal to the higher of the average of the Government of Canada ten (10) year benchmark bond yield rate both in effect minus one point five percent (1.5%) per annum and two (2%) percent per annum. This debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to \$54,679 (2015 - \$61,615).

The Village's total cash payments for interest in 2016 were \$53,124 (2015 - \$51,820).

6. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Nampa be disclosed as follows:

	2016 \$	2015 \$
Total debt limit	2,826,446	2,959,682
Total debt	2,138,084	2,282,296
Amount of debt limit unused	<u>688,362</u>	<u>677,386</u>
Total debt servicing limit	471,074	493,280
Total debt servicing	199,160	197,336
Amount of debt servicing limit unused	<u>271,914</u>	<u>295,944</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

7. DUE TO RELATED PARTY

Amounts due to related party are the Village's proportionate share of amounts owed by Peace Regional Waste Management Company and NEW Water Ltd. to Northern Sunrise County for payments made on their behalf and administration fees for management positions.

8. TANGIBLE CAPITAL ASSETS OF CONSOLIDATED ENTITIES

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Peace Regional Waste Management Company				
Land	\$ 9,286	\$ -	\$ 9,286	\$ 9,286
Land Improvements	116,632	36,110	80,522	85,365
Buildings	388,215	111,288	276,927	292,786
Engineered Structures	1,917,948	1,740,100	177,848	352,780
Machinery and Equipment	626,242	468,037	158,205	208,086
Vehicles	65,441	45,946	19,495	25,223
	<u>\$ 3,123,764</u>	<u>\$ 2,401,481</u>	<u>\$ 722,283</u>	<u>\$ 973,526</u>
NEW Water Ltd.				
Land	\$ 161,727	\$ -	\$ 161,727	\$ 161,727
Land Improvements	7,745	688	7,057	7,229
Engineered Structures	18,288,672	1,395,420	16,893,252	17,111,248
Vehicles & Machinery	31,371	19,308	12,063	16,428
	<u>\$ 18,489,515</u>	<u>\$ 1,415,416</u>	<u>\$ 17,074,099</u>	<u>\$ 17,296,632</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016 \$	2015 \$
Tangible capital assets (Schedule 2)	<u>6,737,917</u>	6,660,445
Tangible capital assets of Peace Regional Waste Management Company	<u>3,123,764</u>	3,122,530
Tangible capital assets of NEW Water Ltd.	<u>18,489,515</u>	18,412,187
Accumulated amortization (Schedule 2)	<u>(3,025,948)</u>	(2,799,677)
Accumulated amortization of Peace Regional Waste Management Company	<u>(2,401,481)</u>	(2,149,004)
Accumulated amortization of NEW Water Ltd.	<u>(1,415,416)</u>	(1,115,556)
Long-term debt (Note 5)	<u>(2,138,084)</u>	(2,282,296)
	<u><u>19,370,267</u></u>	<u>19,848,629</u>

VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

10. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2016	2015
	\$	\$
Unrestricted surplus	478,335	297,603
Restricted surplus		
General operating	34,075	34,075
Roads	104,637	104,637
General equipment replacement	135,871	135,871
NEW Water Ltd.	70,667	70,667
Peace Regional Waste Management Company	84,738	84,738
Water	81,000	81,000
Equity in tangible capital assets	19,370,267	19,848,629
	<u>20,359,590</u>	<u>20,657,220</u>

11. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2016		2015	
	\$		\$	
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Mayor P. Skriik	6,676	696	7,372	8,043
Councillor D. Gach	5,379	75	5,454	4,331
Councillor C. Butz	4,545	98	4,643	4,105
Councillor C. Novak	6,244	178	6,422	6,694
Councillor E. Skriik	5,634	138	5,772	5,690
CAO	72,207	15,646 ³	87,853	84,706

1 Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2 Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

3 Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Village is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2016 were \$20,383 (2015 - \$21,459). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2016 were \$12,747 (2015 - \$19,575).

At December 31, 2015, the LAPP disclosed an unfunded liability of \$2.18 billion.

13. CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value. Accounts Receivable is carried at amortized cost.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

16. SEGMENTED DISCLOSURE

The Village of Nampa provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

17. CONSOLIDATION OF PEACE REGIONAL WASTE MANAGEMENT COMPANY

Consolidated into the Village's financial statements are their proportionate share of the assets, liabilities and financial activity of Peace Regional Waste Management Company (formerly the East Peace Regional Landfill Authority). Ownership is determined by the number of shares issued to the Directors of the Company. The Village of Nampa contributes 1 of the 7 Directors to the Board and this is used to determine the Village's proportionate share. The amounts consolidated into the Village's financial statements are as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	294,064	413,315
Trade and other receivables	267,047	256,133
Total Financial Assets	561,111	669,448
Accounts payable and accrued liabilities	148,910	49,178
Deferred revenue	-	-
Due to Northern Sunrise County	3,966	285,873
Post closure liability	623,047	550,859
	775,923	885,910
Tangible capital assets	722,283	973,525
Prepays	5,836	3,920
Total Non-Financial Assets	728,119	977,445
Municipal tippage	53,579	89,078
Recycling	12,154	8,750
Industrial tippage	397,439	493,422
Other	1,909	1,798
Return on investments	5,638	8,335
Total Revenues	470,719	601,383
Salaries, wages and benefits	223,436	279,360
Contracted services	111,042	123,014
Materials, goods and utilities	60,147	112,070
Provision for allowances (recovery)	-	(4,824)
Provision for reclamation	72,188	89,350
Amortization of tangible capital assets	252,476	376,871
Total Expenditures	719,289	975,841

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

18. CONSOLIDATION OF NEW WATER LTD.

Consolidated into the Village's financial statements are their proportionate share of the assets, liabilities and financial activity of NEW Water Ltd. Ownership is determined by the number of shares issued to the Directors of the Company. The Village of Nampa contributes 2 of the 6 Directors to the Board and this is used to determine the Village's proportionate share. The amounts consolidated into the Village's financial statements as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	226,086	348,477
Trade and other receivables	74,733	96,900
Total Financial Assets	<u>300,819</u>	<u>445,377</u>
Accounts payable and accrued liabilities	24,873	7,585
Deferred revenue	-	349,566
Due to Northern Sunrise County	443,341	300,944
	<u>468,214</u>	<u>658,095</u>
Tangible capital assets	17,074,099	17,296,632
Inventory for consumption	-	-
Total Non-Financial Assets	<u>17,074,099</u>	<u>17,296,632</u>
Sales of goods to NEW Water Ltd. Partners	237,028	174,114
Other user fees and sale of goods	67,402	75,225
Other revenues	717	14,703
Total Revenues	<u>305,147</u>	<u>264,042</u>
Salaries, wages and benefits	108,928	95,169
Contracted services	41,701	49,615
Materials, goods and utilities	103,877	122,456
Amortization of tangible capital assets	299,860	299,191
Total Expenditures	<u>554,366</u>	<u>566,431</u>

Elimated from sales of goods to NEW Water Ltd. Partners is \$36,968 (2015 - \$36,937) in pro-rated sales to the Village of Nampa for water purchases. These have also been eliminated from the water expenses for the Village.